

AGREEMENT

This agreement is entered between the United States of America and Schering-Plough Corporation and its subsidiaries, and their respective predecessors, successors and assigns (hereafter "Schering").

1. Schering agrees that its subsidiary, Schering Sales Corporation (hereafter "Schering Sales"), will waive Indictment and will plead guilty to a one count Information, charging it with offering and paying a kickback in violation of Title 42, United States Code, Section 1320a-7b, arising from the company's payment of a data fee in connection with an effort to maintain formulary status for Claritin at an HMO customer. (The plea agreement with Schering Sales is attached hereto and incorporated by reference.)

2. Schering agrees that it will take all necessary and appropriate steps to ensure that its subsidiary, Schering Sales Corporation, complies with all the terms of the attached plea agreement.

3. The United States agrees that, other than the charge contained in the Information against Schering Sales, it will not bring any other criminal charges against Schering for any conduct falling within the scope of the criminal investigation conducted by the United States Attorney's Office for the Eastern District of Pennsylvania, which covered:

- (1) any actual or potential transfers of value by Schering to any managed care organization;
- (2) the offer, provision or funding of health or disease management by Schering to any managed care organization; and

- (3) contractual obligations of Schering to the state Medicaid programs and to the United States regarding the reporting of “best price” and the payment of Medicaid rebates for the Claritin family of drugs.

The United States will not bring any other criminal charges against Schering for any conduct not otherwise described in this agreement which was known to the United States Attorney's Office for the Eastern District of Pennsylvania as of the date on which that office signs this agreement and which concerned the sale, pricing or marketing of the Claritin family of drugs.

Nothing in this agreement shall bar the government from prosecuting criminal charges for any activities or crimes that are not previously resolved in this paragraph and that come to the attention of the United States government after the date on which United States Attorney's Office for the Eastern District of Pennsylvania signs this agreement.

4. Any conduct of Schering beyond that specifically described above is specifically excluded from this agreement.

In addition, the following investigation is specifically excluded from this agreement:

- a. Matters related to the conduct of Schering currently under investigation by the United States Attorney's Office for the District of Massachusetts;

5. This agreement not to prosecute Schering is contingent upon the guilty plea being entered by Schering Sales and accepted by the Court and upon Schering's performance of all its obligations set forth in this agreement and the attached Civil Settlement Agreement. If Schering Sales fails to enter the guilty plea, or if the Court refuses to accept the guilty plea or if Schering Sales moves to withdraw the guilty plea, or if Schering fails to perform any obligation under this

agreement or the attached Civil Settlement Agreement, this agreement not to prosecute shall automatically be terminated. If the agreement not to prosecute is terminated, the government may elect to file whatever criminal charges it believes are appropriate and shall not be limited by anything set forth in this agreement or in the Schering Sales guilty plea agreement. However, a breach of the Corporate Integrity Agreement incorporated by reference in the attached Civil Settlement Agreement will not constitute a breach of this agreement and any disputes arising under the Corporate Integrity Agreement shall be resolved exclusively under the dispute resolution terms of that Agreement.

6. In consideration of all the terms of this agreement, Schering will cooperate fully with the government's investigation of any other individuals or entities that may have been involved in the conduct that is within the scope of the grand jury investigation. In the event the government files criminal charges against Schering pursuant to Paragraph 5 of this Agreement, Schering agrees that it will not move to disqualify either the United States Attorney for the Eastern District of Pennsylvania or any attorney in that office, because of anything learned as a result of this cooperation.

7. This agreement is binding upon the United States Department of Justice, including all United States Attorneys, but cannot and does not bind the Internal Revenue Service of the United States Department of the Treasury, the Tax Division of the United States Department of Justice, or any state or local prosecuting authority. Attached hereto is a letter from the Assistant Attorney General in charge of the Criminal Division of the United States Department of Justice to the United States Attorney for the Eastern District of Pennsylvania authorizing this agreement.

8. Schering-Plough Corporation will acknowledge acceptance of this agreement by the signature of its counsel and a responsible corporate officer. Schering-Plough Corporation

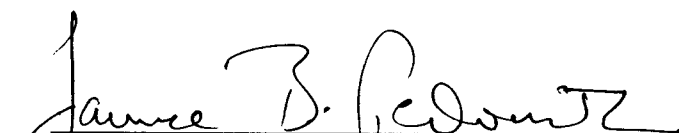
shall provide to the government for attachment to this agreement a certificate of the secretary of the corporation attesting to the fact that the Board of Directors has authorized the corporate officer to sign this agreement for Schering.

9. There are no additional promises, agreements or understandings other than those set forth in this agreement, the separate guilty plea agreement between the United States and Schering Sales, the Civil Settlement Agreement and the Corporate Integrity Agreement incorporated therein, and no additional promises, agreements or understandings will be entered into unless in writing and signed by the parties.



SCHERING-PLOUGH CORPORATION.

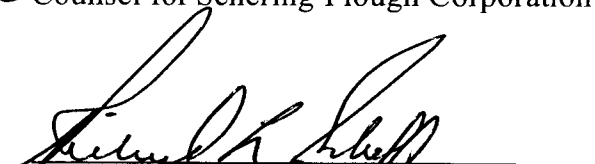
PATRICK L. MEEHAN
United States Attorney




LAWRENCE B. PEDOWITZ, ESQ.
Counsel for Schering-Plough Corporation



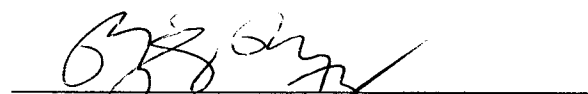
H. GEOFFREY MOULTON, JR.
First Assistant United States Attorney



RICHARD L. SCHEFF, ESQ.
Counsel for Schering-Plough Corporation



MICHAEL L. LEVY
Assistant United States Attorney



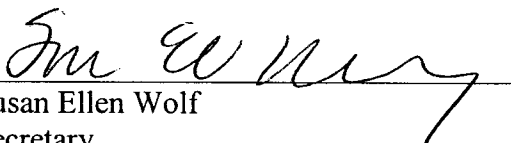
MARILYN S. MAY
Assistant United States Attorney

Date:

SCHERING-PLOUGH CORPORATION
CERTIFICATE OF THE SECRETARY

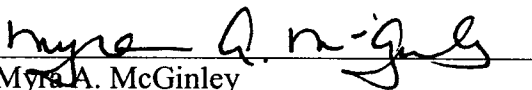
I am the Secretary of Schering-Plough Corporation, and I hereby certify that, at a meeting of the Schering-Plough Board of Directors held on December 1, 2003, as reflected in minutes approved by the Board unanimously at a meeting held on January 27, 2004, the Board of Directors by unanimous affirmative vote authorized Fred Hassan, the duly elected Chairman of the Board and Chief Executive Officer, to determine and authorize all settlement terms and related documentation relating to the investigation by the U.S. Attorney for the Eastern District of Pennsylvania.

I further certify that such authorization remains in full force and effect.


Susan Ellen Wolf
Secretary

I, the undersigned, Assistant Secretary of Schering-Plough Corporation, do hereby certify that Susan Ellen Wolf is the duly-elected Secretary of Schering-Plough Corporation and that the above is her true and correct signature.

Witnessed by my hand and the seal of the Corporation this 28th day of July 2004.


Myra A. McGinley
Assistant Secretary



Schering-Plough Corporation

MEMO

To: Brent Saunders

Date: July 28, 2004

From: Fred Hassan

Copies:

Subject: Philadelphia Settlement

Pursuant to the authorization given to me at a meeting of the Schering-Plough Board of Directors held on December 1, 2003, as reflected in minutes approved by the Board unanimously at a meeting held on January 27, 2004, to determine and authorize all settlement terms and related documentation relating to the investigation by the U.S. Attorney for the Eastern District of Pennsylvania, I hereby authorize you to execute on behalf of Schering-Plough Corporation the following documents relating to that investigation:

- (1) The Settlement Agreement and Release;
- (2) The agreement by Schering-Plough Corporation concerning the Guilty Plea Agreement of Schering Sales Corporation;
- (3) The Corporate Integrity Agreement; and
- (4) State settlement agreements to be entered into pursuant to the Settlement Agreement and Release.

Fred Hassan

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U.S. Department of Justice

Criminal Division

Office of the Assistant Attorney General

Washington, DC 20530-0001

JUL 26 2004

The Honorable Patrick L. Meehan
United States Attorney
Eastern District of Pennsylvania
Philadelphia, Pennsylvania 19102

Attention Michael L. Levy
Assistant United States Attorney

Dear Mr. Meehan:

Re: Plea Agreement with Schering Sales and its Parent
Schering-Plough Corporation

This refers to your request for authorization to enter into a Plea Agreement with Schering Sales and its Parent Schering-Plough Corporation.

I hereby approve the terms of the Plea Agreement with Schering Sales and the terms of the Agreement with the Schering-Plough Corporation, including provisions binding the United States not to initiate further prosecutions, as set out therein.

You are authorized to make this approval a matter of record in the proceeding.

Sincerely,

Christopher A. Wray
Assistant Attorney General

David Mahmlas
Deputy Assistant Attorney General
Criminal Division